



INDIANA *for* COMMISSION
HIGHER EDUCATION

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Indiana higher education commission calls for changes to preserve, strengthen state's college scholarship programs

Higher Education Commissioner Teresa Lubbers today presented the State Budget Committee with a series of recommendations designed to maximize the effectiveness of state resources devoted to helping Hoosier students pay for college.

"Our challenge is balancing fiscal realities with the need to help a growing number of Hoosiers access and complete college," said Commissioner Lubbers. "That requires taking a hard look at Indiana's financial aid system, preserving the aspects of the current system that are working well, and putting in place safeguards that increase students' chances for success while ensuring the best possible return on taxpayer dollars."

The proposed recommendations, developed by the Indiana Commission for Higher Education (CHE) in collaboration with the State Student Assistance Commission of Indiana (SSACI) over the past year, come in response to a mandate from the Indiana General Assembly calling for a thorough examination of the state's college scholarship programs.

"The legislature has made a concerted effort to maintain funding for Indiana's student aid programs despite a difficult economy and a strained state budget," said Claudia Braman, Executive Director of SSACI. "However, student need is increasing at such a rapid rate that the demand for these programs is beginning to exceed the state's limited resources."

Indiana remains one of the most generous states in the nation in terms of providing financial aid for college, ranking 5th among all states in need-based grant awards. Though SSACI's total award budget has increased nearly 150 percent over the past decade, steady increases in student demand for college aid are outpacing state funding for these programs. In the span of one year alone, state financial aid programs moved from serving about 66,000 students in 2008-09 to more than 74,000 in 2009 while the state's \$250 million appropriation for these programs remained roughly the same over that period.

It was with these realities in mind that CHE and SSACI presented Indiana lawmakers with a comprehensive set of 19 recommendations covering all aspects of how the state distributes financial aid, including:

- **Targeting aid to better serve adult students:** Though working adults are now the majority of all college students in Indiana, the state's current financial aid system provides limited support and flexibility for this growing population. Proposed changes would create a dedicated fund for adult and part-time students, allow state aid to be used to cover tuition costs during summer semesters, and offer

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increased aid for students who complete a two-year degree at a community college and successfully transfer to a four-year college.

- ***Making college costs more transparent for Hoosier families:*** Based on state survey data, 70 percent of first-generation college students believe that they cannot afford a college education despite the range of federal, state, and local resources available. In effort to ensure students and families understand the true costs of college once financial aid eligibility has been determined, CHE recommends developing a statewide college costs calculator as a free service providing Hoosiers with accurate estimates and consistent side-by-side comparisons of college costs across all Indiana campuses, both public and private.
- ***Strengthening the state's Twenty-first Century Scholars program:*** Created in 1990 as Indiana's way of raising the educational aspirations of students from low-income families, the state's Twenty-first Century Scholars program has proved successful at enrolling students and increasing high school graduation and college-going rates for Scholars. Despite this progress, Scholars' college completion rates are no better than their low-income peers, due in part to the fact that many Scholars' do not take advantage of the program's early intervention and support services.

The program, which covers the cost of up to four years tuition at an Indiana college for Twenty-first Century Scholars students, is also exceeding state appropriations by nearly \$30 million in the current biennium. This has resulted in funds being drawn from the state's need-based Frank O'Bannon Scholarship program and lowering aid awards to other needy students in the process. Proposed changes to the Scholars program would begin to address these issues by:

- **Refocusing the Twenty-first Century Scholars program on early intervention and expecting students to participate in these support services.** The available evidence suggests higher success rates for Scholars who take advantage of these support services in comparison to their peers who do not.
- **Raising the minimum high school grade point average (GPA) requirement for Scholars from 2.0 to 2.5** (on a four-point scale). As a clear indicator of college-readiness, raising the GPA requirement would better ensure students have the aptitude and desire to succeed in college.
- **Developing a sustainable funding model to ensure the long-term viability of the Twenty-first Century Scholars program.** This may include strengthening eligibility requirements for the program, based on evidence that roughly one out of every six Twenty-first Century Scholars (17 percent) do not meet the income-eligibility requirements and one out of five Scholars (20 percent) no longer demonstrate financial need when they graduate from high school and enter college. Though CHE and SSACI make no specific recommendation on how to allocate funds based on demonstrated financial need, the agencies emphasize that ensuring eligibility requirements are met would free up more funding for low-income students who qualify for a Frank O'Bannon Scholarship program.

To review the complete list of proposed financial aid recommendations, see the attached summary or visit www.che.in.gov for the full report.